

Agri-News

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Iowa Crop Production October 1, 2005

As September closed, harvest was underway for corn and soybeans. Soybean development and harvest continues ahead of average while corn harvest lags slightly behind average.

Corn: As of October 1, Iowa's corn crop was forecast to yield 173.0 bushels per acre. If realized, the yield will be the second highest yield on record at 7 bushels below last year's record. Production is forecast at 2.15 billion bushels for the state, down 4 percent from last year. Forecasted ear counts per acre (27,100) are the second highest on record when compared to final counts. Harvest is underway with

11 percent complete on September 30, ahead of last year but behind the normal pace.

Soybeans: The October 1 yield forecast of 51.0 bushels per acre is up 6 bushels from the September 1 forecast, and up 2 bushels per acre from 2004. If realized, the yield will be the highest on record for Iowa. Soybean production would be a record 512.6 million bushels, up 3 percent from last year. Soybean harvest was 43 percent complete on September 30, ahead of the previous year as well as the average pace.

October 2005 Production Summary - Iowa and United States

Crop	For Harvest		Yield per acre		Production	
	2004	2005	2004	2005	2004	2005
	<i>Thousand Acres</i>	<i>Thousand Acres</i>	<i>Bushels</i>	<i>Bushels</i>	<i>Thousand Bushels</i>	<i>Thousand Bushels</i>
IOWA						
Corn for Grain	12,400	12,450	181.0	173.0	2,244,400	2,153,850
Soybeans	10,150	10,050	49.0	51.0	497,350	512,550
Alfalfa Hay ¹	1,300	1,300	4.20	4.00	5,460	5,200
All Other Hay ¹	300	250	2.60	2.10	780	525
UNITED STATES						
Corn for Grain	73,632	74,333	160.4	146.1	11,807,217	10,857,440
Soybeans	73,958	71,270	42.2	41.6	3,123,686	2,967,075
Alfalfa Hay ¹	21,707	22,118	3.47	3.43	75,383	75,940
All Other Hay ¹	40,209	39,605	2.05	1.94	82,391	76,931

¹ Yield in tons and production in thousand tons.

ECONOMIST CORNER

Livestock by Shane Ellis and Grains by Robert Wisner

Iowa Cooperative Extension Service - Ames

LIVESTOCK- - As the final quarter of this year gets started, things are looking good for most cattle and swine producers. Producers selling feeder cattle are facing an especially good market with some of the best prices that they have ever seen. Feeder cattle prices have climbed in step with the early-spring fed cattle futures contracts, which have risen to well past \$90/cwt. The potential for hedging on such high fed cattle prices encourages cattle feeders to pay the price necessary to get what calves they can out of national herd that is in the building stage of the cattle cycle. Although fed cattle price are expected to be good next spring, cattle feeders will be doing their math to determine what they can pay for calves and not forfeit all their profit potential to cow-calf and stocker operators. Cattle packers on the other hand have been caught between the rising fed cattle price and the lower boxed beef prices, a result of killing enough cattle that feeders continue to have the greater market leverage.

Hog prices have been and will likely remain above average for the remainder of this year, but still below the extraordinary prices seen last year. Pork prices continue to be supported by foreign exports and domestic demand, and should stay at or above the breakeven point the remainder of this year and into the start of next. Because of the excellent prices, many have been expecting a significant expansion in the swine inventory, but the recent September USDA quarterly hog and pig report, suggests that there has been little to no expansion from a year ago. The nation swine breeding herd remains at just under 6 million head and the market hog inventory remains at 55.6 million head.

Several factors that will impact both cattle and swine industries are the cost of fuel and the supply of corn. The on farm price of corn has dropped as the basis has widened, mainly a result of increased fuel costs and transportation disruption. To top it off, this year's corn crop is expected to be above average. Finishers with available grain storage will benefit most as they stock up while prices are low.

GRAINS- - The October 12 crop forecasts confirm earlier indications of a major shortage of storage space in Iowa and other western Corn Belt states this fall. Iowa production and grain stocks estimates indicate combined corn and soybean supplies in the state will be about 230 million bushels larger than last year. Many elevators stored corn outside last fall and winter, and this year's piles likely will be even larger except in eastern Iowa. Large supplies likely will keep the corn basis (spread between local prices and futures) unusually wide into mid-winter, and almost certainly will bring a slow recovery in corn prices. Early projections show U.S. corn carryover stocks increasing slightly next year, to nearly an 11-week supply. Rising carryovers stocks are projected despite continued rapid growth in processing of corn for ethanol and anticipated higher exports.

U.S. soybean supplies are indicated to be slightly smaller than last year. Early projections show August 31, 2006 U.S. carryover stocks remaining near this year's level. That's adequate for normal trade needs, but leaves only a small reserve supply in case of South American crop problems or reduced U.S. yields next year. Cash soybean prices may increase slightly in November, after harvest pressures subside. Late November through mid-February prices will be sensitive to weather and crop conditions in South America. Some northern areas of Brazil and Argentina's Soybean Belt currently are drier than normal. Reduced government loans to Brazilian farmers also are a concern. USDA, WAOB projections show Brazilian soybean production next spring at 18% above a year earlier, but 5 to 8 percent below potential production under favorable conditions.

Average Prices Received

Item	Unit	IOWA			U.S.	
		Sep ¹ 2004	Aug ¹ 2005	Sep ² 2005	Aug ¹ 2005	Sep ² 2005
		-----Dollars-----				
Corn	Bu.	2.13	1.84	1.55	1.95	1.73
Oats	Bu.	1.41	1.63	1.53	1.47	1.54
Soybeans	Bu.	5.96	6.07	5.25	6.15	5.41
Alfalfa, baled	Ton	85.00	79.00	80.00	109.00	107.00
All Hay, baled	Ton	84.00	77.00	75.00	99.70	99.00
All Hogs	Cwt.	57.20	52.70	50.70	51.00	48.80
Sows	Cwt.	43.50	40.00	39.60	38.60	38.00
Bar & Gilts	Cwt.	57.30	53.00	50.80	51.60	49.20
Beef Cattle	Cwt.	86.00	82.80	88.10	84.50	87.50
Cows	Cwt.	52.70	50.80	51.20	51.30	50.40
Strs & Hfrs	Cwt.	86.70	83.50	88.90	87.80	91.30
Calves	Cwt.	125.00	135.00	136.00	131.00	133.00
Milk Cows ³	Hd.	-	-	-	-	-
Milk (whls)	Cwt.	16.00	15.20	15.30	14.80	15.10
Sheep	Cwt.	46.00	44.30	-	42.30	-
Lambs	Cwt.	90.00	102.00	-	108.00	-
Eggs (mkt)	Doz.	0.300	0.200	0.401	0.258	0.465

¹ Corn, oats, soybeans, all hogs, all cattle, all sheep, and milk are whole-month prices. All hay and eggs are mid-month prices. ² All prices are mid-month. ³ Prices published January, April, July, and October.

Price Index Summary Table

Prices Received	IOWA			UNITED STATES		
	Sep 2004	Aug 2005	Sep ¹ 2005	Sep 2004	Aug 2005	Sep ¹ 2005
	1990-92=100 ²					
Prices rec'd	109	102	98	116	117	116
Crops	100	93	80	113	116	111
Lvstk Prods.	117	110	116	118	117	121
Prices rec'd	1910-14=100 ³					
	-	-	-	735	742	766
	-	-	-	560	573	573
Crops	-	-	-	908	901	919
Lvstk Prods.	-	-	-	-	-	-

¹ Preliminary ² 1990-92=100 reference replaced 1997=100 in January 1995. ³ Iowa figures for 1910-14=100 base not available.

U.S. Prices Paid Index Summary

Prices Paid	Sep 2004	Aug 2005	Sep 2005	Sep 2004	Aug 2005	Sep 2005
	1990-92=100			1910-14=100		
	135	141	142	1,797	1,874	1,887
Prices Paid ¹	116	120	117	564	588	575
Feed	86	83	82	41	40	41
Ratio ²						

¹ Prices paid by farmers for commodities and services, interest, taxes, and farm wage rates. ² Ratio of index of prices received to index of prices paid for commodities and services, interest, taxes, and farm wage rates.

U.S. Corn Supply and Demand

CORN	2003-2004	2004-2005 (Est.)	2005-2006 ¹ Projections October
	<i>Million Bushels</i>	<i>Million Bushels</i>	<i>Million Bushels</i>
Beginning Stocks	1,087	958	2,112
Production	10,089	11,807	10,857
Imports	14	10	10
Supply, total	11,190	12,775	12,980
Feed & Residual	5,795	6,160	5,875
Food, Seed & Industrial	2,537	2,688	2,885
Domestic, total	8,332	8,848	8,760
Exports	1,900	1,815	2,000
Use, total	10,232	10,663	10,760
Ending Stocks, total	958	2,112	2,220
Avg. farm price (\$/bu)	2.42	2.06	1.65-2.05

¹ Preliminary

U.S. Soybean Supply and Demand

SOYBEANS	2003-2004	2004-2005 (Est.)	2005-2006 ¹ Projections October
	<i>Million Bushels</i>	<i>Million Bushels</i>	<i>Million Bushels</i>
Beginning Stocks	178	112	256
Production	2,454	3,124	2,967
Imports	6	6	4
Supply, total	2,638	3,242	3,227
Crushings	1,529	1,696	1,695
Exports	887	1,095	1,115
Seed	92	88	90
Residual	17	107	66
Use, total	2,525	2,987	2,966
Ending stocks	112	256	260
Avg. farm price (\$/bu)	7.34	5.74	5.00-5.80

¹ Preliminary

Iowa District Estimates

Corn, 2004-2005

District	Harvested		Yield/acre		Production	
	2004	2005 ¹	2004	2005 ²	2004	2005
	<i>Thousand Acres</i>	<i>Thousand Acres</i>	<i>Bushels</i>	<i>Bushels</i>	<i>Thousand Bushels</i>	<i>Thousand Bushels</i>
NW	1,869	1,862	186.8	190.0	349,200	353,800
NC	1,790	1,809	180.1	88.0	322,400	339,500
NE	1,433	1,435	172.6	182.0	247,300	261,400
WC	1,834	1,856	179.1	174.0	328,400	322,200
C	1,818	1,842	188.9	196.0	343,400	360,800
EC	1,309	1,306	177.1	134.0	231,800	175,000
SW	996	991	183.4	166.0	182,700	165,000
SC	500	497	165.6	153.0	82,800	76,150
SE	851	852	183.8	117.0	156,400	100,000
State	12,400	12,450	181.0	173.0	2,244,400	2,153,850

¹ Harvest for grain ² Yield rounded

Soybeans, 2004-2005

District	Harvested		Yield/acre		Production	
	2004	2005	2004	2005 ¹	2004	2005
	<i>Thousand Acres</i>	<i>Thousand Acres</i>	<i>Bushels</i>	<i>Bushels</i>	<i>Thousand Bushels</i>	<i>Thousand Bushels</i>
NW	1,630	1,560	47.8	53.0	79,335	82,205
NC	1,403	1,365	45.2	51.0	63,420	69,530
NE	880	885	46.5	52.0	40,940	46,300
WC	1,594	1,645	47.7	50.0	76,070	82,800
C	1,506	1,505	51.7	57.0	77,840	85,075
EC	945	945	49.8	46.0	47,035	43,305
SW	940	930	51.0	49.0	47,920	45,530
SC	491	465	49.2	49.0	24,170	23,000
SE	761	750	53.4	46.0	40,620	34,805
State	10,150	10,050	49.0	51.0	497,350	512,550

¹ Yield rounded

Corn for Grain: Number of Ears per Acre Selected States, 2001-2005¹

State	2001	2002	2003	2004	2005
	<i>Number of Ears</i>	<i>Number of Ears</i>	<i>Number of Ears</i>	<i>Number of Ears</i>	<i>Number of Ears</i>
Illinois	25,550	25,000	26,650	27,400	26,850
Indiana	25,400	23,650	25,350	26,050	24,600
Iowa	25,250	25,800	26,600	27,500	27,100
Kansas ²				22,150	21,000
Minnesota	26,700	26,100	28,600	29,200	27,900
Missouri ³				24,250	22,600
Nebraska	22,050	21,200	22,600	24,050	22,800
Ohio	25,100	22,350	25,750	26,050	24,700
South Dakota ³				22,700	23,100
Wisconsin	26,100	25,250	26,250	26,800	26,350

¹ Based on ear counts in plots selected for objective yield samples.

² Field counts began in 2004.

³ Field counts began in 2004 after being discontinued in 1996.

Corn Production Up 2 Percent from September Forecast

Soybean Production Up 4 Percent

Corn production is forecast at 10.9 billion bushels, up 2 percent from last month but 8 percent below 2004. If realized, this would be the second largest crop on record. Based on conditions as of October 1, yields are expected to average 146.1 bushels per acre, up 2.9 bushels from September but 14.3 bushels below last year. Forecast yields are either unchanged or higher than last month in all forecasting States, except Alabama and Mississippi. As harvest progresses, producers are finding the warm, dry conditions during July and August did not reduce yields as much as originally expected. Yields are better than last year in the northern tier States but are still well below last year's record highs in the central and eastern Corn Belt. Based on administrative information, acreage updates were made in several States and farmers now expect to harvest 74.3 million acres of corn for grain, up 15,000 acres from September and up 1 percent from 2004.

Soybean production is forecast at 2.97 billion bushels, up 4 percent from the September forecast but 5 percent below

2004. Based on conditions as of October 1, yield is expected to average 41.6 bushels per acre, up 2.0 bushels from September but 0.6 bushel below last year's record high yield. Below-normal temperatures and adequate moisture during August and early September across most of the Corn Belt, Great Plains, and Delta were beneficial to the crop during the final stages of development. Above-normal temperatures followed for the rest of September, just in time for the harvest season to begin. Based on administrative data, acreage updates were made in several States. Area planted is now estimated at 72.2 million acres, down 903,000 acres from the August estimate. Area for harvest is forecast at 71.3 million acres, down 914,000 acres from September.

Reminder: All crop forecasts in this report are based on conditions on October 1 and do not reflect any possible weather effects since that time. The next corn and soybean production forecasts, based on conditions as of November 1, will be released on November 10.